

PUBLIC DISCLOSURE

AUGUST 11, 2014

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**NORTH BROOKFIELD SAVINGS BANK
Cert # 90258**

**35 SUMMER STREET
NORTH BROOKFIELD, MASSACHUSETTS 01535**

**Division of Banks
1000 Washington Street, 10th Floor
Boston, Massachusetts 02118**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting its needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **North Brookfield Savings Bank (or the Bank)**, prepared by the Division, the institution's supervisory agency as of **August 11, 2014**. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts regulation 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory."

Based on Small Institution CRA evaluation procedures specified for institutions with assets under \$300 million, North Brookfield Savings Bank's overall CRA performance is considered Satisfactory. The rating of this institution is established upon a review of the Performance Criteria as noted below.

- The Bank's average net loan-to-deposit ratio over the evaluation period (63.2 percent) is adequate, given the Bank's size, financial condition, and the credit needs of its assessment area.
- A majority (77.6 percent) of loans are in the Bank's assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, a reasonable penetration among individuals of different income levels (including low- and moderate-income).
- The geographic distribution of loans reflects an adequate dispersion throughout the assessment area.
- Fair lending policies and practices are considered adequate. No weight was given to complaints, as none have been received by the Bank since the prior examination.

SCOPE OF THE EXAMINATION

Small Bank evaluation procedures were used to assess the Bank's CRA performance. These procedures evaluated the Bank's CRA performance pursuant to the following criteria: loan-to-deposit (LTD) ratio, assessment area concentration, borrower's profile, geographic distribution of loans, and response to CRA complaints.

This evaluation focused on home mortgage and small business lending, as these are the primary loan products offered by the Bank. Consumer and small farm loans were not considered in the evaluation as these loans represent a small percentage (2.9 percent) of the loan portfolio. Greater emphasis was placed on the Bank's residential mortgage lending performance, as this was the Bank's primary lending focus throughout the evaluation period.

Home mortgage lending data was analyzed from January 1, 2012 through December 31, 2013. Information related to residential mortgage lending was derived from the Loan Application Registers (LARs) maintained by the Bank, pursuant to the Home Mortgage Disclosure Act (HMDA). The LARs contain data about home purchase and home improvement loans, including refinancing, of 1-4 family and multi-family properties (five or more units). The evaluation emphasized the Bank's home mortgage lending performance in 2012, as this was the most recent year for which aggregate lending data is available. The Bank's home mortgage lending performance is compared with aggregate HMDA data, which is a measure of home mortgage loan demand. Aggregate lending data reflects the lending activity of all HMDA reporting lenders that originated at least one home mortgage in the Bank's designated assessment area. The Bank's home mortgage lending performance was also compared with demographic data. Home mortgage lending data for 2013 is referenced to illustrate trends in the Bank's lending data.

Small business lending data was also analyzed. For the purposes of this evaluation, small business loans are defined as commercial real estate loans and commercial and industrial loans with original balances of \$1 million or less. The Bank's small business loan data was derived from a report of all small business loans originated in 2012 and 2013. As a small bank, the Bank is not required to collect and report small business loan data. Therefore, the Bank's small business lending activity was not compared with small business aggregate data; instead, the Bank's small business lending performance was compared to demographic data.

Demographic information is used from the 2010 U.S. Census when evaluating the lending data. Financial data was derived from the March 31, 2014 Call Report.

PERFORMANCE CONTEXT

Description of Institution

North Brookfield Savings Bank is a mutual savings bank, incorporated under the laws of the Commonwealth of Massachusetts in 1854. The Bank is headquartered at 35 Summer Street in North Brookfield, Massachusetts. The Bank's main office is not a full service branch; it consists of a loan center, operations center, and serves as the corporate headquarters.

In addition to its main office (located in a middle-income geography), the Bank maintains four full-service branches. The North Brookfield, West Brookfield, and Palmer branches are all located in middle-income geographies. The Belchertown branch is located in an upper-income geography. The Bank completed a merger with FamilyFirst Bank on June 1, 2014. For examination purposes, April 1, 2014 was considered the CRA evaluation period's end date. No new branches have opened or closed since the prior evaluation (June 30, 2010) to April 1, 2014.

Branch hours of operation are reasonable and convenient. Branch lobby hours open as early as 8:30am and close as late as 6:00pm (extended hours usually on Thursday and Friday), depending on the branch. The drive-up teller windows (available at three of the four branches) provide services between 7:00am and 7:00pm depending on the location. All locations offer Saturday morning hours of operation. Additionally, the Bank's loan center maintains regular business hours and holds extended evening hours by appointment.

The Bank offers a full range of products and services to meet the financial needs of individuals and businesses. For individuals, the Bank offers an array of credit products, including home equity lines of credit, residential mortgages, auto loans, and secured and unsecured personal loans. The Bank also provides deposit services to its customers, such as online banking and bill payment, and a variety of checking and savings accounts to meet the customer's needs. With regard to business customers, the Bank offers several Small Business Administration (SBA) credit products, as well as financing for construction, equipment, and commercial real estate. North Brookfield Savings Bank also supports its business customers through deposit products and services, such as merchant credit card and wire transfer services, as well as checking, savings, and CDs.

As of March 31, 2014, the Bank's assets totaled \$216.1 million. The Bank's loans represented 53.1 percent of total assets, at \$114.8 million. Since the prior evaluation, the Bank's asset size increased by 12.7 percent. Currently, 1-4 family residential real estate loans comprise the largest portion of the Bank's loan portfolio at 81.6 percent. Commercial and industrial loans coupled with commercial real estate account for the second largest loan type, at approximately 12.0 percent. See the table below for details.

Table 1 – Loan Portfolio Distribution as of March 31, 2014		
Loan Type	Dollar Amount \$('000s)	Percent of Total (%)
Revolving, Open-end Loans Secured by 1-4 Family Residential Properties and Extended Under Lines of Credit	5,039	4.4
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by First Liens	87,078	75.8
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by Junior Liens	1,617	1.4
Secured by Multi-Family (5 or more) Residential Properties	3,176	2.8
Total Residential Real Estate Loans	96,910	84.4
Construction, Land Development, and Other Land Loans	822	0.7
Secured by Farmland (Including Farm Residential and Other Improvements)	1,154	1.0
Secured by Nonfarm Nonresidential Properties	12,012	10.5
Total Real Estate Loans	110,898	96.6
Loans to Finance Agricultural Production and Other Loans to Farmers	0	0.0
Commercial and Industrial	1,654	1.5
Consumer Loans	2,198	1.9
Loans to nondepository financial institutions and other loans	40	0.0
Total Loans	114,790	100.0

Source: March 31, 2014 Call Report

North Brookfield Savings Bank competes with several local institutions within the assessment area including Spencer Savings Bank, Monson Savings Bank, Country Bank for Savings, and Southbridge Savings Bank as well as large national financial institutions and mortgage companies. A total of 221 lenders originated home mortgage loans in the Bank's assessment area in 2012.

The Bank's CRA performance was last evaluated by the Division of Banks and the Federal Deposit Insurance Corporation on June 30, 2010. The joint public evaluation assigned a rating of "Satisfactory."

There are no apparent financial or legal impediments that would limit the Bank's ability to help meet the credit needs of its assessment area.

Description of Assessment Area

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. An assessment area should consist of whole geographies such as counties, cities, or towns. Further, an assessment area may not reflect illegal discrimination and may not arbitrarily exclude any low- or moderate-income areas, taking into account the institution's size and financial condition.

The Bank's Assessment Area is comprised of the 13 cities and towns as detailed in Table 2 below.

Table 2 –Assessment Area Cities and Towns	
Worcester County	
Brookfield	Oakham
East Brookfield	Rutland
Hardwick	Spencer
New Braintree	West Brookfield
North Brookfield	Warren
Hampshire County	
Belchertown	
Ware	
Hampden County	
Palmer	

Source: Bank provided delineated assessment area

The assessment area includes geographies in the states of Massachusetts, over two Metropolitan Statistical Areas (MSAs). The assessment area includes the Springfield MA MSA #44140 and the Worcester MA Metropolitan Division (MD) #49340.

There have been no changes to the assessment area since the previous evaluation. Table 3 lists the pertinent assessment area demographic information for the Bank's assessment area.

Table 3 – Assessment Area Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	17		5.9	82.4	11.7
Population by Geography	81,302		4.5	77.5	18.0
Owner-Occupied Housing by Geography	23,842		3.0	78.4	18.6
Businesses by Geography (2012)	6,124		3.4	78.1	18.5
Businesses by Geography (2013)	5,618		3.4	78.5	18.1
Distribution of Families by Income Level	21,702	18.0	18.6	26.1	37.3
Median Family Income (MFI)		\$75,041	Median Housing Value Unemployment Rate (2010 U.S. Census)		\$238,461 5.3%
MSA #44140 MFI, 2012		\$70,200			
MSA #44140 MFI, 2013		\$66,100			
MD #49340 MFI, 2012		\$83,600			
MD #49340 MFI, 2013		\$81,300			
Families Below Poverty Level		5.3%			

Source: 2010 U.S. Census, 2012 and 2013 D&B data, 2012 and 2013 Estimated Median Family Incomes

Median Family Income Levels

According to 2010 U.S. Census data, the assessment area contains 31,885 households, of which 21,702 are considered families. In 2013, the FFIEC adjusted Median Family Income (MFI) for the assessment area was \$75,041. As of 2012, 18.0 percent of families are low-income, 18.6 percent are moderate-income, 26.1 percent are middle-income, and 37.3 percent are upper-income. The 2010 U.S. Census also indicates that 5.3 percent of the families in the assessment area are below the poverty level. The proportion of families below the poverty level indicates a

portion of the low-income family demographic to which the institution may be incapable of granting credit.

Housing Characteristics

There are 34,068 total housing units within the assessment area, of which 23,842, or 70.0 percent, are owner-occupied, 8,043, or 23.6 percent, are occupied rental units, and 2,183, or 6.4 percent, are vacant. Of the owner-occupied units, 3.0 percent are located in the moderate-income census tract of the assessment area. With approximately 97.0 percent of owner-occupied units within the assessment area's middle- and upper-income census tracts it is expected that the opportunities for lending within the moderate-income census tract will be limited.

As displayed in Table 3, the assessment area median housing value is \$239,581. Additional information was obtained from The Warren Group housing statistics; the average median sales price has risen from \$155,016 to \$193,287, between 2012 and 2014. Median values vary between the municipalities within the assessment area; the most expensive area was Rutland with an average sales price of \$255,917, while the least expensive sales price was found in the town of Warren at \$123,967.

Competition

The Bank faces a large amount of competition within the assessment area. In 2012, there were 221 lenders, which included large regional and national banks, credit unions, and mortgage companies that originated a total of 3,583 residential mortgage loans within the assessment area. For the same year, North Brookfield Savings Bank originated 207 home mortgage loans, which ranked them 3rd with a share of 5.8 percent within the Assessment Area.

Business Demographic Data

As shown in Table 3, the number of non-farm businesses in the assessment area decreased from 6,124 in 2012 to 5,618 in 2013. The concentrations of businesses by census tract remained relatively constant year over year. Dun & Bradstreet (D&B) data revealed that 75.9 percent of businesses reported gross annual revenues (GARs) of \$1.0 million or less in 2012. This ratio remained constant at 75.5 percent in 2013. In 2012 approximately 71.7 percent of all businesses in the area employ between 1 and 4 individuals, this was similar to 2013 at 71.0 percent.

Community Contact

As part of the evaluation process, third parties active in community affairs are contacted to assist in assessing the housing and general banking needs of the community. Relevant information obtained from such sources helps to determine whether local financial institutions are responsive to the credit and service needs of their communities and what further opportunities, if any, are available. A community contact within the area offered its perspective on the needs and opportunities for involvement throughout portions of the assessment area.

The organization located in Worcester County supports local businesses through networking events, business seminars, and referral services. The contact explained that more effort needs to be made to attract small businesses to the downtown area of municipalities within the Quaboag Valley region, as the high commercial rents are acting as a disincentive to local economic development. As a result of a lack of local business investment, the contact mentioned that many

of the communities are “bedroom communities,” meaning that individuals leave the area for work. The contact mentioned that the Quaboag Valley Community Development Corporation currently organization provides assistance by originating loans to small businesses who may not qualify for traditional financing. Several institutions are present on the board of the CDC, and also provide support for local community events and social service programs, from library fundraisers to tornado relief assistance. While happy with the level of institutional involvement, the community contact expressed hope that more financial literacy and money management were offered to the public.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

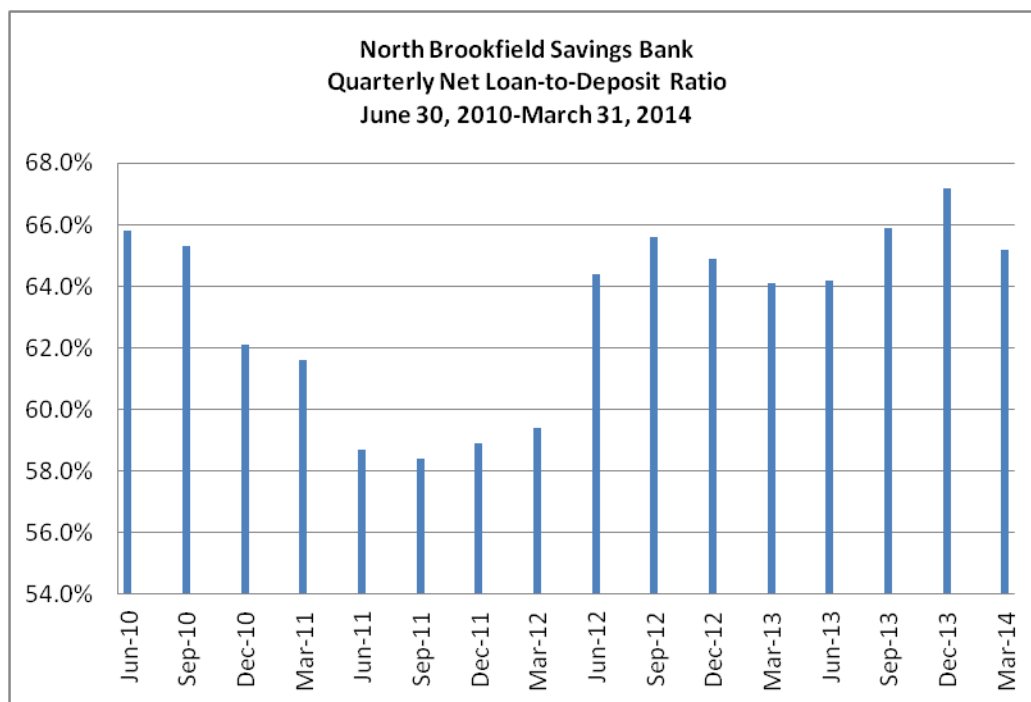
1. LOAN TO DEPOSIT (LTD) ANALYSIS

This performance criterion determines what percentage of the Bank's deposits is reinvested in the form of loans and evaluates its appropriateness. A comparative analysis of the Bank's quarterly net loan-to-deposit ratios for the period of June 30, 2010 through March 31, 2014 was conducted during this examination. The average net loan-to-deposit ratio for this period was 63.2 percent. This ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits.

Since the last CRA evaluation, the Bank's assets have increased 12.7 percent, deposits have increased 5.9 percent and net loans have increased 4.9 percent.

As shown in the graph below, the net LTD ratio has fluctuated from a low of 58.4 percent in September 30, 2011 to a high of 67.2 percent on December 31, 2013. Management attributed the increase in the net LTD ratio from 2011 to 2012 due to a concerted effort by the Bank to increase the volume of its residential and commercial lending.

The Bank has sold 53 loans totaling \$9.6 million in 2012 and sold 40 loans totaling \$7.9 million in 2013. The Bank primarily sells its loans to the Federal Home Loan Bank.



Source: Call reports from June 30, 2010 to March 31, 2014

The following table illustrates the Bank's average net LTD ratio as compared against the net average LTD ratios of three similarly situated institutions as of March 31, 2014. North Brookfield Savings Bank's average net loan-to-deposit ratio is below that of the other two institutions.

Table 4 Peer Group Net Loan-to-Deposit Comparison		
Bank	Total Assets \$(‘000’s) As of 3/31/14	Average Net LTD Ratio (%) 6/30/10-3/31/14
North Brookfield Savings Bank	216,144	63.2
Monson Savings Bank	272,827	82.8
Barre Savings Bank	155,028	99.7

Source: Bank Call Reports from June 30, 2010 through March 31, 2014

Based on the above information, the Bank’s net loan-to-deposit ratio is considered adequate and meets the standards for satisfactory performance.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

This performance criterion evaluates whether the Bank is meeting the credit needs within its assessment area.

The analysis includes both home mortgage loans and small business loans. The Bank originated a majority (77.6 percent) of home mortgage loans and small business loans inside the assessment area. Table 5 illustrates the Bank’s record of extending home mortgage loans and small business loans inside and outside of the area by number and dollar over the period reviewed.

Table 5 Distribution of Loans Inside and Outside of Assessment Area										
Loan Category or Type	Number of Loans					Dollar Volume \$(‘000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2012										
Home Purchase	21	67.7	10	32.3	31	3,219	65.6	1,688	34.4	4,907
Refinance	157	83.1	32	16.9	189	25,994	77.0	7,769	23.0	33,763
Home Improvement	29	90.6	3	9.4	32	4,028	82.7	840	17.3	4,868
2012 Total	207	82.1	45	17.9	252	33,241	76.4	10,297	23.6	43,538
2013										
Home Purchase	29	64.4	16	35.6	45	4,067	54.9	3,338	45.1	7,405
Refinance	64	75.3	21	24.7	85	10,222	65.1	5,484	34.9	15,706
Home Improvement	27	79.4	7	20.6	34	2,397	72.9	891	27.1	3,288
2013 Total	120	73.2	44	26.8	164	16,686	63.2	9,713	36.8	26,399
Total Home Loans	327	78.6	89	21.4	416	49,927	71.4	20,010	28.6	69,937
2012 Small Business Loans	18	75.0	6	25.0	24	1,399	78.1	392	21.9	1,791
2013 Small Business Loans	9	56.3	7	43.7	16	603	38.3	971	61.7	1,574
Total Small Business Loans	27	67.5	13	32.5	40	2,002	59.5	1,363	40.5	3,365
Grand Total	354	77.6	102	22.4	456	51,929	70.8	21,373	29.2	73,302

Sources: 2012 and 2013 HMDA LARs, Bank Small Business Records

Home Mortgage Loans

In 2012, the Bank originated 82.1 percent of home mortgage loans in the assessment area by number and 76.4 percent by dollar volume. In 2013, the Bank originated 73.2 percent of home mortgage loans inside the assessment area by number and 63.2 percent by dollar volume. Over the evaluation period, the Bank originated 78.6 percent of home mortgage loans by number and 71.4 percent by dollar volume inside the assessment area.

The Bank's volume of originated loans decreased from 2012 to 2013. This is primarily attributed to the decline in refinances from 189 in 2012 to 85 in 2013.

The distribution of loans by number bears more weight on the Bank's rating than the distribution by dollar amount, as the number of loans correlates more closely to the number of individuals or families that were able to obtain home mortgage loans.

Small Business Loans

In 2012, the Bank originated 75.0 percent of small business loans inside the assessment area by number and 78.1 percent by dollar volume. In 2013, the Bank originated 56.3 percent of small business loans inside the assessment area by number and 38.3 percent by dollar volume. Over the evaluation period, the Bank originated 67.5 percent of small business loans by number and 59.5 percent by dollar amount inside the assessment area.

Based on the above information, the Bank's lending inside its assessment area meets the standards for satisfactory performance.

3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

This performance criterion evaluates the distribution of the Bank's residential and small business loans based on borrower characteristics. Analysis was conducted on the Bank's residential mortgage loans inside the assessment area based on borrower income and the Bank's small business loans inside the assessment area based on size of business. For residential lending, emphasis is placed on loans to low- and moderate-income borrowers, and for small business lending, emphasis is placed on loans to businesses with GARs of \$1 million or less.

The distribution of borrowers reflects, given the demographics of the assessment area, a reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.

Home Mortgage Loans

The following table shows, by number, home loans to low, moderate, middle and upper-income borrowers in comparison to the aggregate and the percentage of total families within the assessment area in each respective income group.

Table 6 Distribution of Home Mortgage Loans by Borrower Income						
Median Family Income Level	Family Distribution by Income Level (%)	2012 Aggregate	2012 Bank		2013 Bank	
			#	%	#	%
Low	18.0	8.8	18	8.8	12	10.7
Moderate	18.6	21.6	43	21.1	25	22.3
Middle	26.1	31.3	62	30.4	33	29.5
Upper	37.3	38.3	81	39.7	42	37.5
Total	100.0	100.0	204	100.0	112	100.0

Source: 2012 and 2013 HMDA LARs, 2012 Aggregate Data, & 2010 U.S. Census Data

In 2012, the Bank originated 8.8 percent of home mortgage loans to low-income borrowers, which is the same as the aggregate lending percentage to low-income borrowers at 8.8 percent. It is noted that lending to low-income borrowers was significantly lower than the percentage of low-income families (18.0 percent) in the assessment area. However, for a significant portion of these low-income families qualifying for home mortgage loans is difficult given the current economic environment. Market Share Reports for 2012 demonstrate the Bank ranked 3rd out of 80 lenders in lending to low-income borrowers in the assessment area.

In 2012, the Bank originated 21.1 percent of home mortgage loans to moderate-income borrowers, which is comparable to the aggregate lending percentage at 21.6 percent and above the percentage of moderate-income families in the assessment area at 18.6 percent. Market Share Reports for 2012 demonstrate the Bank ranked 4th out of 117 lenders in lending to moderate-income borrowers in the assessment area.

In 2013, the Bank originated 10.7 percent of home mortgage loans to low-income borrowers. For the same year, the Bank originated 22.3 percent of home mortgage loans to moderate-income borrowers, which is higher than the percentage of moderate-income families in the assessment area. Overall, the percentage of loans to low- and moderate-income borrowers increased from 2012 to 2013.

Small Business Loans

Table 7 details the Bank's distribution of lending to businesses of different sizes compared to the percentage of businesses in the assessment area.

Table 7 Distribution of Small Business Loans by Gross Annual Revenues (GAR)						
GARs \$(‘000s)	% of Total Businesses (2012)	Bank 2012		% of Total Businesses (2013)	Bank 2013	
		#	%		#	%
≤ \$1,000	75.9	16	88.9	75.5	9	100.0
> \$1,000	2.8	0	0.0	3.1	0	0.0
Not Reported	21.3	2	11.1	21.4	0	0.0
Total	100.0	18	100.0	100.0	9	100.0

Source: Bank Records; D&B 2012 and 2013 Business Geodemographic Data.

In 2012, the Bank originated 88.9 percent of its small business loans to businesses with GAR of \$1 million or less. This figure is above the percentage of businesses (75.9 percent) in the assessment area with GAR of \$1 million or less. In 2013, the Bank originated 100.0 percent of its small business loans to businesses in the revenue category of under \$1 million, which is higher than the percentage of total businesses at 75.5 percent.

Based on the Bank’s lending to different borrowers and businesses in the assessment area, the Bank’s responsiveness to credit needs is considered to meet the standards for satisfactory performance for this criterion.

4. GEOGRAPHIC DISTRIBUTION

This criterion evaluates the distribution of the Bank’s loans within the assessment area by census tract income level, with emphasis on lending in low- and moderate-income census tracts. As noted previously under the Description of Assessment Area, the Bank’s assessment area comprises 17 census tracts of which none are low-income, 1 is moderate-income, 14 are middle-income, and 2 are upper-income census tracts. Based on a review of the HMDA LARs and the small business loans, the overall geographic distribution of loans reflects an adequate penetration throughout the assessment area.

Home Mortgage Loans

Table 8 illustrates the geographic distribution of the Bank’s 2012 and 2013 HMDA reportable lending performance within the assessment area. For comparison purposes, the table includes the percentage of owner-occupied housing units within each tract income category and the aggregate market lending data for 2012.

Table 8 Distribution of HMDA by Census Tract Income Level						
Census Tract Income Level	Owner-Occupied Housing Units (%)	2012 Aggregate	2012 Bank		2013 Bank	
			#	%	#	%
Moderate	3.0	1.9	1	0.5	1	0.8
Middle	78.4	75.3	180	87.0	110	91.7
Upper	18.6	22.8	26	12.5	9	7.5
Total	100.0	100.0	207	100.0	120	100.0

Source: 2012 and 2013 HMDA LARs, 2012 Aggregate Data, and 2010 U.S. Census Data

In 2012, the Bank originated one mortgage loan (0.5 percent) in the moderate-income census tract located in Ware. This figure is lower than the aggregate (1.9 percent) and the percentage of owner occupied housing units (3.0 percent). The demographics show that the opportunity to lend to the moderate-income tract is limited as the vast majority (78.4 percent) of owner-occupied housing is located in middle-income census tracts.

In 2013, the Bank's lending to moderate-income tracts increased slightly to 0.8 percent, which is below the percentage of owner-occupied units.

Small Business Lending

Table 9 compares the geographic distribution of the Bank's small business loans within the assessment area to the business demographics.

Table 9 Distribution of Small Business Loans by Census Tract Income Level						
Census Tract Income Level	% of Total Businesses 2012	% of Total Businesses 2013	Bank Loans 2012		Bank Loans 2013	
			#	%	#	%
Moderate	3.4	3.4	0	0.0	1	11.1
Middle	78.1	78.5	17	94.4	8	88.9
Upper	18.5	18.1	1	5.6	0	0.0
Total	100.0	100.0	18	100.0	9	100.0

Source: Bank Records; D&B 2012 and 2013 Business demographic Data

In 2012, the Bank originated no small business loans in moderate-income tracts. In 2013, the Bank originated 11.1 percent of small business loans in moderate-income tracts, which is higher than the percentage of businesses at 3.4 percent.

Based on the above information, the Bank has an adequate dispersion among the various census tract geographies and meets the standards for satisfactory performance.

5. RESPONSE TO CRA COMPLAINTS/FAIR LENDING POLICIES AND PRACTICES

The Bank has received no CRA complaints over the evaluation period.

The Bank's fair lending performance was reviewed to determine how it relates to the guidelines established by Regulatory Bulletin 1.3-106, the Division's Community Reinvestment and Fair Lending Policy. Based upon the review of the Bank's public comment file and its performance relative to fair lending policies and practices, no violations of anti-discrimination laws and regulations were identified.

MINORITY APPLICATION FLOW

The Bank's residential lending was compared with the 2012 aggregate's lending performance to assist in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants. Refer to Table 10 for information on the Bank's minority application flow as well as a comparison of the aggregate lenders throughout the Bank's assessment area.

Table 10 MINORITY APPLICATION FLOW					
RACE	Bank 2012		2012 Aggregate Data	Bank 2013	
	#	%		#	%
<i>American Indian/ Alaska Native</i>	0	0.0	0.2	1	0.5
<i>Asian</i>	0	0.0	0.7	0	0.0
<i>Black/ African American</i>	0	0.0	0.4	1	0.5
<i>Hawaiian/Pac Isl.</i>	0	0.0	0.0	0	0.0
<i>2 or more Minority</i>	0	0.0	0.0	0	0.0
<i>Joint Race (White/Minority)</i>	2	0.7	0.8	3	1.5
Total Minority	2	0.7	2.1	5	2.5
<i>White</i>	272	96.8	79.9	185	90.7
<i>Race Not Available</i>	7	2.5	18.0	14	6.8
Total	281	100.0	100.0	204	100.0
ETHNICITY					
<i>Hispanic or Latino</i>	1	0.4	0.7	0	0.0
<i>Not Hispanic or Latino</i>	268	95.3	80.0	186	91.2
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	1	0.4	0.6	1	0.5
<i>Ethnicity Not Available</i>	11	3.9	18.7	17	8.3
Total	281	100.0	100.0	204	100.0

Source: 2012 and 2013 HMDA LARs & 2012 HMDA Aggregate Data

According to the 2010 U.S. Census, the Bank's assessment area contained a total population of 81,302 individuals of which 5.9 percent are minorities. The assessment area's minority and ethnic population is 0.9 percent Black/African American; 1.0 percent Asian; 0.2 percent American Indian; 1.4 percent "other" and 2.5 percent Hispanic or Latino.

In total for 2012 and 2013, the Bank received 485 HMDA reportable loan applications within its assessment area. Of these applications, 7 or 1.4 percent were received from minority applicants. The Bank also received 3, or 0.6 percent, from ethnic applicants of Hispanic origin within its assessment area.

The Bank's racial minority application flow in 2012 was lower than the aggregate. The Bank received 2 applications, or 0.7 percent, from minorities while the aggregate received 2.1 percent. The Bank received 2 applications, or 0.7 percent, from Hispanic or Latino applicants or joint applicants in which one applicant was Hispanic or Latino, while the aggregate received 1.3 percent of applications from the same group.

In 2013, the Bank received 5 applications, or 2.5 percent, from minorities. This percentage is higher than the percentage in 2012. The Bank received 1 application, or 0.5 percent, from Hispanic or Latino applicants or joint applicants. This is lower than the percentage in 2012.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks at 35 Summer Street, North Brookfield, Massachusetts 01535."

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.